



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

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March 28, 2007

The Honorable André Bauer
President of the Senate
State House, 1st Floor, East Wing
Columbia, South Carolina 29202

Dear Mr. President and Members of the Senate:

I am hereby vetoing and returning without my approval S. 408, R-9.

S. 408 would restrict changes to a county designation from dropping by more than one classification in any given year. This legislation further complicates and weakens an already flawed approach to the Job Tax Credits program, which seemingly incentivizes poor economic performance rather than rewarding success.

When Job Tax Credits were originally conceived, there were only three categories by which a county could be designated – Developed, Moderately Developed, and Under Developed. Since then, the General Assembly has enacted two additional categories, highlighting bad economic conditions by creating Least Developed and Distressed. Further, legislation has been enacted to lock in the appearance of distress in certain counties at the expense of counties truly in need.

One example is legislation, enacted over my veto in 2006, to make Orangeburg County a “Distressed” county instead of an “Under Developed” county, which it would have been under the statute – a full two tiers higher than its realistic position in the state. This law change gave Orangeburg County a strategic advantage over counties such as Calhoun and Colleton, which were also “Under Developed.”

Right now, there seems to be a conflict between goals and outcomes in economic development, particularly from a local perspective. Universally, we all agree on the idea of increasing the number of jobs here in the State and raising income levels. However, too many bills like this have been sent to my desk to enshrine the appearance of failure on a county by county basis.

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I do not believe we will ever be competitive in the global economy if we are not willing to recognize our success and highlight our strengths. At the end of the last legislative session, I asked the Department of Commerce to review our incentive system and make recommendations. In his report back, Commerce Secretary Joe Taylor stated, "[b]usinesses like to locate in counties that are thriving and growing, but our system rewards a county for appearing depressed and economically backward."

The Department of Commerce's recommendation was to consolidate the five county designations back into three tiers and eliminate the special county carveouts that have been enacted over the years. Senator Short, the chief sponsor of this bill, has also introduced S. 538, which is, in concept, along the lines of the Department of Commerce recommendation.

I would encourage the General Assembly to sustain this veto and, instead, begin work on the broader statewide approach proposed by the Department of Commerce and largely reflected in S. 538.

This administration will continue to support legislation that will effectively, fairly, and uniformly promote economic prosperity for the entire business community of our state. We look forward to working with you and other members of the General Assembly on this front.

For these reasons, I am returning S. 408, R-9, to you without my signature.

Sincerely,

A handwritten signature in dark ink, appearing to be 'MS' or 'Mark Sanford' in a stylized cursive script.

Mark Sanford